Company Name KCI International

Approver: LJE

Requests: This approval for the sale of old Ebus Suite pricing to be extended until the end of Q1 FY04.

New Justification:
KCII has stated that Oracle are now the preferred vendor.

The President as well as the VP of IT for KCI International have visited KCI corporate HQ in the US and presented the business case which went well and received a lot of positive support at Sub-Committe level .

The Sub Committe have confirmed and approved the project. However they also confirmed that despite their best efforts, final ratification and funding approval for the project will not take place until the Executive Board Meeting in mid-August.

The implication of not extending the "old" price to KCII is to increase the cost of the Oracle licenses considerably (approx USD 1M) under "EBusiness Suite 2003" metrics. This will negate any advantage of the Oracle solution identified during the selection process and KCII will revert to the alternative vendor, PeopleSoft who were a strong contender during the evaluation stage of this campaign.
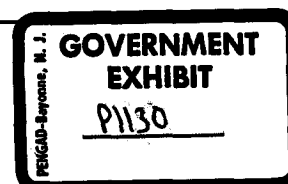
In summary, this is an EBusiness Suite and Technology deal for approx USD1.5M Licence based on 1200 Professional Users.

Previously Approved:
1. 82.5% discount against the E-Business Suite (pre-24 March 2003 price list), Technology and Tutor.
2. Flat Support for three years
3. Price hold for 3 years, and any products purchased under the price hold to also have flat support until the end of the original 3 yrs
4. 3 Year term for the OLSA to match the above, plus to include standard options for:
- Majority Owned Subsiduaries
- Novations
- Divestments

Deal Summary	
Product Mix:	Ebus Suite Prof User, DB EE, IAS EE, Tutor, Electronic Orders, Discoverer Desktop, IDS
License Discount	82.5%
Support Discount	82.5%
Comp & Admin Discount	
Phased Implementation for Comp & Admin?	See checklist below
Support Options/Holds	See above
Price Holds	3yrs are same prices for same products
List License	$8109K
List Support	$1784K
List Comp & Admin	$K
Net License	$1419K
Net Support	$312K
Net Comp & Admin	$K
Net Price	$1731K

Price List Used	Feb 2003

Customer history	
Existing contractual discount (price hold)	%
Date of Price List for price hold	
When does price hold expire?	
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	
Name of Agreement, if applicable	

Justification:

KCI International (KCII) operate in a number of countries across EMEA, Australia and Canada. They have experienced strong demand for their patent-protected products and predict average growth of 25% per anum for the next 5 years (from USD110M to over USD300M turnover per anum). This is both organic growth and via acquisition. KCII currently have just over 1000 employees which is forecast to grow to 1400 by the end of next year and beyond that in the years to follow.

KCII are looking to replace their existing best of breed strategy with an ERP package that has a simple to manage licencing model which offers them price protection and certainty moving forward. The above requests would provide them with this.

KCII are evaluating an enterprise wide solution for their Financials, Manufacturing, Supply Chain Operations and CRM requirements.

The competition is PeopleSoft. PeopleSoft have based their licence costs on company turnover only. In addition PeopleSoft have negated future licence costs for KCII by setting the next turnover band well above KCII's projected growth figures for the next 4/5 years.

We believe our sales effort so far has placed the Oracle solution in a good position however licence costs are much higher than PeopleSoft. Within our original RFP response (dated January 2003) we proposed e-Business Suite however considering the complete stack that KCII will need to licence, we are almost double the cost of the competition at the current applications user population.

KCII state we have to get a net license figure of below £1M GBP to remain in contention however our licence costs are high due to the potential number of application users as well as their predicted growth in electronic orders from their online ordering system.

We have chosen to seek approval to propose a licence figure that caters for a predicted application user population of 1200 Professional users as well as an increase in online business. There is no requirement for the "Employee" metric for the eBusiness Suite.

KCI International are buying the licenses centrally in the UK, but are only rolling out the licenses in the UK and Germany in the next 15 months

Recommendation: (*leave blank for HQAPP to fill out*)

Submitted By:
Sales Person: **Steve Graham**
VP: **David Callaghan**

ORLITE0013367

Ian Smith

R: *(leave blank for HQAPP to fill out)*
C:
L:
A:
BP: